

TESTIMONY OF

THE UNITED ILLUMINATING COMPANY

Before the Energy and Technology Committee

Re:

RAISED BILL 5365– An Act Concerning Electric Distribution Companies

Sections 7 and 8

Legislative Office Building

March 4, 2010

Good afternoon, Senator Fonfara, Representative Nardello, and members of the Energy and Technology Committee. My name is Laura Gonzalez. I am the Director of Collections at The United Illuminating Company ("UI"). I am here today to offer UI's comments regarding **Sec. 7 and 8 of RAISED BILL 5365 – An Act Concerning Electric Distribution Companies.**

Section 7

UI appreciates this opportunity to discuss proposed changes included in Section 7 that would allow utilities to disconnect service to residential accounts on Fridays for non-payment as long as certain conditions are met.

The ability to disconnect on Fridays will help UI reduce outstanding balances and uncollectable expense which is borne by all customers. Customers currently have, and will continue to have the opportunity to contact UI's Customer Care Center until 7:00 p.m. on Mondays thru Fridays and 7:00 am thru 4:00 p.m. on Saturdays to work out payment arrangements, make payments and be reconnected if they have been disconnected. Customers can also make payments without the assistance of a UI representative by utilizing a local payment agent, over the phone using our Interactive Voice Response (IVR) or on the web. Section 7 will not affect the winter moratorium, which was extended in 2009 to May 1, which protects hardship customers from disconnection during the heating season.

UI has increased its hours of operation and available payment options over the past decade in an effort to improve customer service. The Customer Care Center is supported by Field Service Technicians that are available to restore power Monday thru Saturday. Electric System emergency line crews are also available to reconnect service when required 7 days a week, 24 hours a day for emergency conditions. In addition UI has increased the number of payment options available to customers. Most customers who have been disconnected often choose to pay in person at a local payment agent or pay by phone. I will briefly describe our payment options.

Pay in Person

We have approximately 39 authorized payment agents. Most are open on Saturday, and 27 of these payment locations are accepting payments seven day a week. These payment agents are located throughout our service territory, with the greatest concentration in the cities of Bridgeport and New Haven. When a customer makes the required payment at a payment agent, UI's customer information system is programmed to stop a disconnection and also triggers a reconnect order if a customer has been disconnected prior to payment. There is no charge to the consumer for this payment option. In 2009 payment agents processed approximately 500,000 payments, totaling more than \$86,000,000.

Enroll on "My Account" at uinet.com

Customers may enroll in "My Account" and in addition to analyzing what affects their bill each month, tracking energy use and finding ways to save, customers can also schedule a one time payment or recurring payments. Enrollment is required, but there is no consumer charge for this option payment option. In 2009 approximately 280,000 payments were processed via this payment option with payments totaling more than \$52,000,000.

Pay by Phone or on the Web

Customers can make an immediate one-time, non enrolled payment by phone using our automated system or can make a one-time payment at uinet.com. Customers can use Visa, MasterCard, Discover, ATM/Debit Card or Checking/Savings Account to pay their bills, and pay a convenience fee to the third party payment processor for using this service. Customers making payments over the Interactive Voice Response (IVR) can also opt to be connected to the third party payment processor's representative for assistance in completing a payment. Approximately 120,000 payments totaling more than \$31,000,000 were processed thorough this convenient process.

Even with all the above mentioned payment options available to customers, we continue to see an increase in delinquent accounts. Presently 81,000 of 325,000 customers are in a delinquent status, with arrearages totaling almost \$40,000,000.

The Company utilizes multiple processes and communications channels to work with our customers to avoid termination of service. We mail reminder notices, make phone calls to customers, send shutoff notices and, five days before the shut off date, send a reminder letter advising customers that their service is in danger of disconnection and that they must make a payment or contact UI to avoid disconnection. We mail a "Customer Bill of Rights" insert with all shut off notices and the shut off reminder letter. This insert provides information on how to make payments or how to reach UI to avoid service disconnection.

Our Customer Care Representatives are trained on ways to work with our customers to reach flexible payment arrangements, establish budget plans or to provide financial assistance to customers who qualify. UI also mails information regarding financial assistance and ways to conserve or weatherize homes in order to help customers reduce their energy usage.

UI strongly supports section 7 of **RAISED BILL 5365– An Act Concerning Electric Distribution Companies**. We have technical suggestions on the language for section 7, and can provide suggested clarifying language to the Committee in the future for consideration.

Section 8

United Illuminating also supports the changes in Section 8 of this bill that would permit utilities to notify the Department of Public Utility Control, Department of Social Services and the Department of Health that a nursing home or long-term care facility has been sent a shut-off notice and is at risk of service disconnection which may affect patient or client wellbeing. This change is needed to allow the Company to disclose some customer information to the regulatory agencies.

It has been our experience that once a health care facility runs into financial difficulties, it may stop making payments on its utility bill, break previous payment arrangements and simply ignore shut-off notices. Although UI has the right to disconnect service for non-

payment, we are concerned for the health and wellbeing of the patients in these facilities. The operators of these facilities are well aware of our good intentions and have used this argument to avoid disconnection. Health care facilities should not use their patients and the level of payments they receive for the care of these patients as an excuse not to pay for utility services. UI makes numerous contacts to try to reach payment agreements, but when we are successful in attaining a promise to pay, the arrangements are often broken and we may need to go to court trying to secure our debt through the legal process. This is a costly collection option, and the costs are borne by all ratepayers. UI will also attempt to attach assets to the extent of the debt. Receiverships have been considered. Again, we work with these facilities to reach a payment arrangement in order to avoid the legal process until the facts indicate that a health care facility will continue to use electricity without any intent to pay.

United Illuminating has approximately 235 health care facilities in its service territory. The total outstanding balance for these accounts is \$3,300,000. Approximately 100 of these accounts are at least 30 days past due and the total arrearage is over \$1,700,000. UI has taken legal action on 13 accounts, which make up the majority of this arrearage, totaling approximately \$1,200,000. We believe it is essential that government agencies such as the Department of Social Services, the Health Department and the Department of Public Utility Control be aware that there is a pending disconnection on a health care facility because patients' care could be impacted.

UI supports the provisions of Section 8 of this Bill that would authorize UI to release information to the appropriate State agencies regarding the amounts due from a health care facility. This would enable state agencies to closely monitor that health care facilities are properly addressing and keeping their commitment to pay their electric utility bill. This protects the interests of the facilities' patients and also protects the interests of the utility's other customers by reducing the risk of increased uncollectible expense which is borne by all customers.

Thank you for the opportunity to appear before you today. I am happy to address any questions you may have.